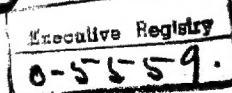


CENTRAL INTELLIGENCE AGENCY



46570

INTELLIGENCE MEMORANDUM NO. 199

22 July 1949

SUBJECT: Bauxite Resources in Yugoslavia

1. Production.

Prior to 1935 production of bauxite in Yugoslavia was of little significance. By 1938 Yugoslavia was a large producer and, since the acquisition through the Treaty of Paris in 1945 of the rich Istrian mines just southeast of Trieste, Yugoslavia is potentially one of the more important producers of bauxite in Europe.

Current production of bauxite in Yugoslavia is estimated at 200,000 metric tons annually. This figure, however, is considerably below capacity. The prewar peak production was reached in 1938 when 400,000 metric tons were produced, exclusive of the production of the Istrian mines (400,000 metric tons in 1942 under Italian operation).

2. Reserves.

Reserves of bauxite in Yugoslavia (including the Istrian mines) are large, are of good quality for processing in European plants, but are not suitable for treatment in the US plants. Prior to World War II reserves were variously estimated at from 25 to 75 million metric tons. Known reserves are estimated to be 20 to 25 million tons.

3. Bauxite Processing Facilities in Yugoslavia.

Although Yugoslavia's capacity for production of bauxite is comparatively large, its capacity for production of aluminum is extremely limited. During the war there was only one processing plant for the production of aluminum in the country and this plant's capacity was limited to not over 5000 metric tons of aluminum. Yugoslavia also had three plants for the processing of alumina (an intermediate product between bauxite and aluminum) with a total capacity of 114,000 metric tons of alumina representing 250,000 to 300,000 metric tons of bauxite. It is believed that processing capacity has not changed materially since the war. Thus, it is probable that the bottleneck in the Yugoslav aluminum industry is the shortage of aluminum processing equipment.

In April of 1947 an aluminum agreement was concluded between Yugoslavia and Hungary whereby the two countries would offer their bauxite jointly on the world market and Hungary would supply Yugoslavia with 17.6 million dollars worth of much needed aluminum processing equipment during

Note: This memorandum has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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the period 1947 - 1952. Since the Tito-Cominform rift, reports indicate that Hungary is backing down on its promise to provide this equipment.

4. Importance of Bauxite to Yugoslav Economy.

At the present time, bauxite is believed of only limited importance in the over-all economy of Yugoslavia. The 200,000 metric tons estimated current production is valued at only about \$1,000,000 at present prices. The monetary value of the bauxite, however, is not necessarily a fair index to the importance of the industry.

5. Importance of Yugoslav Bauxite to the Soviet Orbit.

The Soviet orbit is not dependent on bauxite from Yugoslavia. Hungarian reserves alone are estimated to be more than adequate to meet Soviet and satellite requirements. The USSR is producing 500,000 metric tons or more of bauxite annually which can be increased as processing plants now under construction are completed. It is estimated that bauxite reserves and processing facilities in the USSR will continue to satisfy Soviet aluminum requirements. Currently, however, the USSR is importing large quantities of bauxite from Hungary primarily because the Hungarian bauxite is nearer to some of the Soviet processing plants than is Soviet ore.

6. Yugoslav Trade in Bauxite.

Effective 1 April 1947 all Yugoslav exports of bauxite were reserved exclusively for the USSR. No specific information is available on shipments to the USSR since the Tito-Cominform rift. Yugoslavia, however, has continued to trade with the USSR and satellites either directly or through third countries and it is highly possible that unknown amounts of bauxite are still being shipped to the USSR.

In 1949 trade agreements providing for shipments of bauxite have been signed with Great Britain, Czechoslovakia, Western Germany, Poland, and possibly other European countries. The British-Yugoslav trade agreement provides for the exchange of an unspecified amount of bauxite for mining machinery to be purchased by the British from the US.